GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:2991
ANSWERED ON:18.12.2008
INCENTIVES FOR FOOD PROCESSING INDUSTRIES
Singh Shri Dushyant

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether the Government has announced any new incentives to promote Food Processing in various States;

(b) if so, the details thereof;

(c) the response to such incentive schemes since the announcement was made; and

(d) the details thereof?

Answer

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES (I/C)(SHRI SUBODH KANT SAHAI)

(a) & (b): Yes, Sir. To boost the food processing sector, the Government has announced various tax incentives to the processed food industry which includes − raising of exemption limit of excise duty for Small Scale Industry (SSI) from Rs. 1 crore to Rs. 1.5 crores, excise duty on biscuits whose retail price does not exceed Rs. 100 per Kg has been reduced from 8% to 0%, excise duty has been reduced from 8% to 0% on all kinds of food mixes including instant mixes, and on reefer vans (refrigerated motor vehicles) from 16% to 8%, soya bari (food supplements) and ready-to-eat packaged foods have been fully exempted from excise duty; Custom duty on reefer vans has been exempted and on food processing machinery has been reduced from 7.5% to 5%, on sunflower oil (crude) from 65% to 50% and on sunflower oil (refined) from 75% to 60% . Special additional duty of 4% has been waived in the case of refined edible oil. Services provided by Technology Business Incubators have been exempted from service tax and similarly their Incubatees, whose annual business turnover does not exceed Rs. 50 lakhs have been exempted from service tax for the first three years. The RBI has recently revised upwards the eligibility of food processing units for priority sector bank lending with an investment in plant and machinery upto Rs. 10 crores as against Rs. 5 crores earlier. Any new food processing unit based on fruit and vegetable is exempted from Income-tax completely for the first five years and thereafter 25% of the income is exempted from Income-tax for the next five years.

(c) & (d): There has been significant growth of food processing units during the last three-four years. The average rate of growth during the first four years of the 10th Plan was @ 13.025% at current prices and @ 6.75% at 1999-2000 prices. The food processing industries have been growing @ 13.14% per annum since the last year. Direct employment and indirect employment generation during last five years in food processing industry sector has grown from 3.9 million to 4.4 million and 6 million to 9 million respectively. The details of the financial assistance extended to projects in different States under major Schemes of Ministry of Food Processing Industries during last five years are as below:-

(Rs. in lakhs)

Year	Financial assistance
2004-05	4041.63
2005-06	11525.13
2006-07	15978.00
2007-08	18297.00
2008-09 (till 15th November, 2008)	13788.00